

TOWNSHIP OF ROGERS
Presque Isle County, Michigan
71-1140

GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended March 31, 2004

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Rogers	County Presque Isle
Audit Date March 31, 2004	Opinion Date July 22, 2004	Date Accountant Report Submitted to State: July 22, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|--|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686			
City Bay City	State MI	Zip 48707	
Accountant Signature Campbell, Kusterer & Co., P.C.			

TOWNSHIP OF ROGERS
Presque Isle County, Michigan

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INDEPENDENT AUDITOR'S REPORT

July 22, 2004

To the Township Board
Township of Rogers
Presque Isle County, Michigan

We have audited the accompanying general purpose financial statements of the Township of Rogers, Presque Isle County, Michigan, as of March 31, 2004, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township of Rogers' management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Rogers, Presque Isle County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Rogers, Presque Isle County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants.

TOWNSHIP OF ROGERS
Presque Isle County, Michigan

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

March 31, 2004

EXHIBIT A

	Governmental	Fiduciary	Account Groups	
	<u>Fund Type</u>	<u>Fund Type</u>	General	General Long-
<u>Assets</u>	<u>General</u>	<u>Agency</u>	<u>Fixed Assets</u>	<u>Term Debt</u>
Cash in bank	23 949 51	39 046 88	-	-
Investment	37 832 88	-	-	-
Taxes receivable	8 603 95	-	-	-
Due from other funds	39 046 88	-	-	-
Land and land improvements	-	-	7 519 00	-
Building	-	-	30 423 00	-
Equipment	-	-	51 623 79	-
Amount to be provided for retirement of general long-term debt	-	-	-	43 312 26
Total Assets	<u>109 433 22</u>	<u>39 046 88</u>	<u>89 565 79</u>	<u>43 312 26</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Due to other funds	-	39 046 88	-	-
Note payable	-	-	-	-
Total liabilities	-	<u>39 046 88</u>	-	<u>43 312 26</u>
Fund equity:				
Investment in general fixed assets	-	-	89 565 79	-
Fund balances:				
Unreserved:				
Undesignated	<u>109 433 22</u>	-	-	-
Total fund equity	<u>109 433 22</u>	-	<u>89 565 79</u>	-
Total Liabilities and Fund Equity	<u>109 433 22</u>	<u>39 046 88</u>	<u>89 565 79</u>	<u>43 312 26</u>

The accompanying notes are an integral part of these financial statements.

Total
(Memorandum
Only)

62 996 39

37 832 88

8 603 95

39 046 88

7 519 00

30 423 00

51 623 79

43 312 26

281 358 15

39 046 88

43 312 26

82 359 14

89 565 79

109 433 22

198 999 01

281 358 15

TOWNSHIP OF ROGERS
Presque Isle County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES EXHIBIT B
Year Ended March 31, 2004

	Total (Memorandum Only) Governmental Fund Type General
Revenues:	
Property taxes	47 586 67
Other taxes	1 725 61
State revenue sharing	64 316 00
Interest	305 58
Miscellaneous	<u>6 316 46</u>
Total revenues	<u>120 250 32</u>
Expenditures:	
Legislative:	
Township Board	
General government:	2 724 80
Supervisor	
Assessor	4 622 84
Clerk	8 980 00
Board of Review	4 837 00
Treasurer	1 836 68
Township hall and grounds	9 717 24
Unallocated	4 874 01
Public safety:	2 719 96
Fire protection	
Public works:	6 850 80
Highways and streets	
Street lighting	79 000 00
Other:	1 023 45
Pension	
Capital outlay	1 542 56
Debt service	1 485 00
	<u>7 218 74</u>
Total expenditures	<u>137 433 08</u>
Excess (deficiency) of revenues over expenditures	(17 182 76)
Fund balance, April 1	<u>126 615 98</u>
Fund Balance, March 31	<u>109 433 22</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ROGERS
Presque Isle County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND EXHIBIT C
Year Ended March 31, 2004

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues:			
Property taxes	37 300 00	47 586 67	10 286 67
Other taxes	200 00	1 725 61	1 525 61
State revenue sharing	69 000 00	64 316 00	(4 684 00)
Interest	400 00	305 58	(94 42)
Miscellaneous	980 00	6 316 46	5 336 46
Total revenues	<u>107 880 00</u>	<u>120 250 32</u>	<u>12 370 32</u>
Expenditures:			
Legislative:			
Township Board	2 686 50	2 724 80	38 30
General government:			
Supervisor	4 622 84	4 622 84	-
Elections	100 00	-	(100 00)
Assessor	9 310 00	8 980 00	(330 00)
Clerk	4 875 00	4 837 00	(38 00)
Board of Review	1 936 68	1 836 68	(100 00)
Treasurer	11 500 00	9 717 24	(1 782 76)
Township hall and grounds	5 900 89	4 874 01	(1 026 88)
Unallocated	6 193 94	2 719 96	(3 473 98)
Public safety:			
Ambulance	5 000 00	-	(5 000 00)
Fire protection	48 991 80	6 850 80	(42 141 00)
Public works:			
Highways and streets	79 000 00	79 000 00	-
Street lighting	1 023 45	1 023 45	-
Other:			
Pension	1 625 00	1 542 56	(82 44)
Capital outlay	1 500 00	1 485 00	(15 00)
Debt service	8 000 00	7 218 74	(781 26)
Total expenditures	<u>192 266 10</u>	<u>137 433 08</u>	<u>(54 833 02)</u>
Excess (deficiency) of revenues over expenditures	(84 386 10)	(17 182 76)	67 203 34
Fund balance, April 1	<u>116 170 17</u>	<u>126 615 98</u>	<u>10 445 81</u>
Fund Balance, March 31	<u>31 784 07</u>	<u>109 433 22</u>	<u>77 649 15</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ROGERS
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Rogers, Presque Isle County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Rogers. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Account Groups

General Fixed Assets Account Group

This account group presents the fixed assets of the local unit utilized in its general operations.

TOWNSHIP OF ROGERS
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

General Long-Term Debt Account Group

This account group presents the general long-term debt of the governmental unit.

Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present revenues and other financing sources and, expenditures and other financial uses in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of property taxes. Property taxes and revenues received from the State are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township 2003 tax roll millage rate was 1.0000 mills, and the taxable value was \$37,594,194.00.

TOWNSHIP OF ROGERS
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Fixed Assets

Purchases of fixed assets for all funds are recorded as expenditures in their respective funds at the time of purchase. They are also recorded at cost in the General Fixed Assets Group of Accounts as required by generally accepted accounting principles.

Investments

Investments are stated at market.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.

TOWNSHIP OF ROGERS
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Postemployment Benefits

The Township provides no postemployment benefits to past employees.

Note 2 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated one bank for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

TOWNSHIP OF ROGERS
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 2 – Deposits and Investments (continued)

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>62 996 39</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	63 642 84
Uninsured and Uncollateralized	<u>-</u>
Total Deposits	<u>63 642 84</u>

The Township's investments are categorized below to give an indication of the level of risk assumed by the Township. Risk category 1 includes those investments that meet any one of the following criteria: insured, registered, or held by the Township or its agent. Risk categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Township's name. Category 3 includes investments held by the counterparty or the counterparty's trust department (or agent) but not in the Township's name.

The GASB Statement No. 3 risk disclosures for the Township's investments are categorized as follows:

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>
<u>Investment Type</u>				
Risk-Categorized: Operating Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Risk-Categorized Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOWNSHIP OF ROGERS
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 2 – Deposits and Investments (continued)

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>
Nonrisk-Categorized: Financial Institution Pooled Funds				<u>37 832 88</u>
Total Investments				<u><u>37 832 88</u></u>

The financial institution pooled funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes that the investments in the funds comply with the investment authority noted above.

Note 3 – Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/04</u>
Land and improvements	7 519 00	-	-	7 519 00
Building	28 938 00	1 485 00	-	30 423 00
Equipment	<u>51 623 79</u>	<u>-</u>	<u>-</u>	<u>51 623 79</u>
Totals	<u><u>88 080 79</u></u>	<u><u>1 485 00</u></u>	<u><u>-</u></u>	<u><u>89 565 79</u></u>

Note 4 – Interfund Receivables and Payables

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u><u>39 046 88</u></u>	Current Tax Collection	<u><u>39 046 88</u></u>

Note 5 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 6 – Pension Plan

The Township has a defined contribution pension plan covering all full-time employees. The Township contributes an amount of each employee's annual salary to the plan. Pension expense for the fiscal year ended March 31, 2004, was \$1,542.56.

TOWNSHIP OF ROGERS
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts, and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Changes in General Long-Term Debt

A summary of changes in general long-term debt follows:

	Balance 4/1/03	Additions	Deductions	Balance 3/31/04
Note Payable – County	50 531 00	-	7 218 74	43 312 26
Totals	50 531 00	-	7 218 74	43 312 26

Note 9 – Note Payable – County

On September 10, 2002, the Township obtained a \$50,531.00 loan from Presque Isle County to fund part of the cost of acquiring a fire truck. The loan is repayable in seven annual payments of \$7,218.71 without interest. As of March 31, 2004, the principal balance outstanding was \$43,312.26 and it is recorded in the General Long-Term Debt Account Group.

Note 10 – Building Permits

The Township of Rogers does not issue building permits. Building permits are issued by the County of Presque Isle.

Note 11 – Total Columns on Combined Statements--Overview

The total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

TOWNSHIP OF ROGERS
Presque Isle County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBIT D
Page 1

Township Board:	
Salaries	2 550 00
Mileage	136 50
Printing and publishing	38 30
	<u>2 724 80</u>
Supervisor:	
Salary	4 500 00
Supplies	122 84
	<u>4 622 84</u>
Assessor:	
Wages	8 610 00
Supplies	370 00
	<u>8 980 00</u>
Clerk:	
Salary	4 500 00
Supplies	37 00
Computer rental	300 00
	<u>4 837 00</u>
Board of Review:	
Wages	1 400 00
Printing and publishing	436 68
	<u>1 836 68</u>
Treasurer:	
Salary	7 500 00
Supplies	2 217 24
	<u>9 717 24</u>
Township hall and grounds:	
Utilities	
Custodian wages	148 64
Supplies	360 00
Fuel	419 04
Contracted services	663 25
Insurance	643 00
Repairs and maintenance	2 423 00
	217 08
	<u>4 874 01</u>
Unallocated:	
Payroll taxes	171 62
Data processing	1 504 40
Insurance	
Dues	300 00
Miscellaneous	693 94
	50 00
	<u>2 719 96</u>

TOWNSHIP OF ROGERS
Presque Isle County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBIT D
Page 2

Fire protection – contracted services	<u>6 850 80</u>
Highways and streets:	
Repairs and maintenance	78 000 00
Snow removal	<u>1 000 00</u>
	79 000 00
Street lighting:	
Utilities	<u>1 023 45</u>
Pension	<u>1 542 56</u>
Capital outlay	<u>1 485 00</u>
Debt service	<u>7 218 74</u>
Total Expenditures	<u><u>137 433 08</u></u>

TOWNSHIP OF ROGERS
Presque Isle County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended March 31, 2004

EXHIBIT E

	<u>Balance</u> <u>4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/04</u>
<u>Assets</u>				
Cash in Bank	<u>13 44</u>	<u>828 125 53</u>	<u>789 092 09</u>	<u>39 046 88</u>
<u>Liabilities</u>				
Due to other funds	13 44	39 033 44	-	39 046 88
Due to other units	-	<u>789 092 09</u>	<u>789 092 09</u>	-
Total Liabilities	<u>13 44</u>	<u>828 125 53</u>	<u>789 092 09</u>	<u>39 046 88</u>

TOWNSHIP OF ROGERS
Presque Isle County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year Ended March 31, 2004

EXHIBIT F

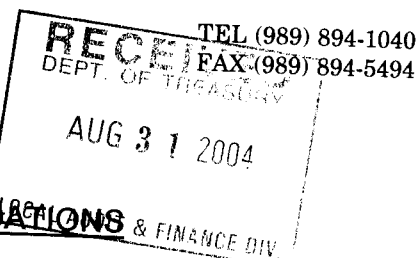
Cash in bank – beginning of year	<u>13 44</u>
Receipts:	
Property taxes	828 076 53
Interest	<u>49 00</u>
Total receipts	<u>828 125 53</u>
Total beginning balance and cash receipts	<u>828 138 97</u>
Disbursements:	
Presque Isle County	478 588 95
Rogers City Area School District	309 351 35
Refunds	<u>1 151 79</u>
Total disbursements	<u>789 092 09</u>
Cash in Bank – End of Year	<u><u>39 046 88</u></u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

July 22, 2004

To the Township Board
Township of Rogers
Presque Isle County, Michigan

We have audited the financial statements of the Township of Rogers, for the year ended March 31, 2004. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Rogers in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

To the Township Board
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For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

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GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which is to be implemented over the next few years. The implementation date of this pronouncement for the Township of Rogers will begin with the year ended March 31, 2004, and will need to be implemented fully by March 31, 2005. The daily operations and recording transactions should not change significantly, however, the Township will be required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2004.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants